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DEPARTMENT OF COMMERCE

International Trade Administration

Executive-Led Trade Mission to South Africa and Zambia

AGENCY: International Trade Administration, Department of Commerce

ACTION: Amendment to Notice

SUMMARY: The United States Department of Commerce, International Trade Administration, U.S. and Foreign Commercial Service is amending the Notice published at 77 FR 31574, May 29, 2012, regarding the Executive-Led Trade Mission to South Africa and Zambia scheduled for November 26 - 30, 2012, to add to the targeted sectors the water sector (i.e., water supply, sanitation, and drainage systems) and architecture, construction and technical assistance services related to development of water sector infrastructure and encourage applications from U.S. exporters in that sector. Because of this amendment, the Department will delay until August 24, 2012 beginning to make selection decisions on a rolling basis to allow time for U.S. exporters in this newly-targeted sector to submit applications before any selection decisions are made. Except as specified herein, all other information in the May 29, 2012 Notice, including the October 5, 2012 application deadline, remains unchanged.

FOR FURTHER INFORMATION CONTACT: Frank Spector, U.S. and Foreign Commercial Service, U.S. Department of Commerce, Washington, D.C., Tel: 202-482-2054, Fax: 202-482-9000, Email: Frank.Spector@trade.gov; or Larry Farris, Senior Commercial Officer, U.S. Consulate, Johannesburg, South Africa, Tel: +55-11 290-3316, Fax: +55-11 884-0538, Email: larry.farris@trade.gov.

SUPPLEMENTARY INFORMATION:

Background:

In May 2012, the Millennium Challenge Corporation awarded a five-year, \$354.8 million Compact with the Republic of Zambia aimed at reducing poverty through economic growth (the “Compact”). The Compact addresses one of Zambia's most binding constraints to economic growth through investment in the water sector. The U.S. Department of Commerce, International Trade Administration, U.S. and Foreign Commercial Service anticipates that this Compact will create opportunities for U.S. companies in the water sector that are interested in doing business in Zambia and is therefore amending the mission statement for the Executive-Led Trade Mission to South Africa and Zambia scheduled for November 26 - 30, 2012, to add the water sector as described below to the list of targeted sectors for this mission, which also includes electric power and energy efficiency technologies, equipment and services; productivity enhancing agricultural technologies and equipment; transportation equipment and infrastructure; and mining equipment and technology.

Amendments:

For the reasons stated above, the **Mission Description** and **Best Prospects in Targeted Sectors** sections of the Notice of the Executive-Led Mission to Zambia and South Africa, 77 FR 31574, May 29, 2012, are amended as follows:

1. Under **Mission Description**, after “Bulk materials handling technology”, add the following text:

Water sector

- water supply
- sanitation

- drainage systems
 - engineering and construction companies related to development of water sector infrastructure
 - innovators in bottom of the pyramid water supply and sanitation service delivery
2. Under **Best Prospects in Mission Targeted Sectors**, after “Zambia also has cobalt, gold, uranium, nickel, manganese, coal, and gemstones, and produces 20 percent of the world’s emeralds.”, add the following text:

Water

The Government of Zambia has entered into a five-year, \$354.8 million Compact with the Millennium Challenge Corporation, a U.S. government agency that works to reduce poverty through economic growth. The Compact will address one of Zambia’s largest constraints on economic growth through the investment in the water sector. The Compact is expected to improve upon more than 15 years of water sector reform through which Zambia has developed a strong, commercially-operated utility, an independent regulator and a sound legal and regulatory structure. Through these reforms, the Government of Zambia has built a firm foundation for a Compact aimed to assist the nation's rapidly urbanizing capital of Lusaka.

Lusaka currently has a population of over 1.8 million people, making up more than 10 percent of Zambia's total population. By 2035, this number is projected to grow to nearly five million residents. Yet, the water supply and sanitation and drainage system that serves this rapidly growing population was constructed in the 1960s and 1970s, built for a significantly smaller city. Despite large-scale reform, to both policy and infrastructure, to Zambia’s water sector over the past 15 years, the municipal water system has not experienced the benefit from major capital

investment in the intervening years. As a result, the system's core infrastructure is outdated, dilapidated and incapable of meeting current or future demand.

South Africa has made significant reforms to adopt an integrated approach to water resource management (IWRM), where water security for poverty alleviation and growth features as a national priority. This reform has been executed through policy and legislative changes, as well as the restructuring of existing institutions and establishment of new institutions for policy implementation. Furthermore, the Government of South Africa has brought rise to major development in their water system by ensuring that all citizens have access to functioning basic water services and to a functioning basic sanitation facility by 2010. Today, 88% of households have access to water services compared to 59% in 1994 and 73% of households have access to basic sanitation compared to 48% in 1994.

Notwithstanding these achievements, developing appropriate enablers to implement the changes brought about by the new legislation, policies and strategies remains a challenge. Citizens are frustrated with the gap between the water services they receive and the service levels and quality they are promised and expect. Existing schemes and networks are not meeting the demands of the fruits of a prosperous growth and development era in South Africa, whilst service delivery challenges increase as towns and cities populations grow faster than service expansion can keep pace.

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